

**REVENUE DEPARTMENT[701]**

**Notice of Intended Action**

**Twenty-five interested persons, a governmental subdivision, an agency or association of 25 or more persons may demand an oral presentation hereon as provided in Iowa Code section 17A.4(1)“b.”**

**Notice is also given to the public that the Administrative Rules Review Committee may, on its own motion or on written request by any individual or group, review this proposed action under section 17A.8(6) at a regular or special meeting where the public or interested persons may be heard.**

Pursuant to the authority of Iowa Code section 421.17, the Department of Revenue hereby gives Notice of Intended Action to amend Chapter 71, “Assessment Practices and Equalization,” Iowa Administrative Code.

The proposed amendment to Chapter 71 updates the Iowa Administrative Code to reflect changes to the definition of dual classification properties which were enacted by 2015 Iowa Acts, House File 616, section 3. The Act changed the definition to include properties that have a primary use for human habitation containing three or more dwelling units but also have a commercial or industrial use. The subject matter of subrule 71.1(5) establishes which properties shall be assigned a dual classification for property tax purposes.

Any interested person may make written suggestions or comments on the proposed amendment on or before August 11, 2015. Such written comments should be directed to the Policy Section, Policy and Communications Division, Department of Revenue, P.O. Box 10457, Des Moines, Iowa 50306; or by e-mail to Jane Severson at [jane.severson@iowa.gov](mailto:jane.severson@iowa.gov). Persons who want to convey their views orally should contact the Policy Section, Policy and Communications Division, Department of Revenue, at (515)281-8450 or at the Department of Revenue offices on the fourth floor of the Hoover State Office Building.

Any person who believes that the application of the discretionary provisions of these rules would result in hardship or injustice to that person may petition the Department for a waiver of the discretionary provisions, if any.

The Legislative Services Agency did not complete a fiscal note on section 3 of 2015 Iowa Acts, House File 616. The Department estimates that the legislation will increase property taxes statewide for properties that have both commercial or industrial use and use for human habitation.

After analysis and review of this rule making, no negative impact on jobs has been found.

This amendment is intended to implement Iowa Code section 441.2(13) as amended by 2015 Iowa Acts, House File 616, section 3.

The following amendment is proposed.

Amend subrule 71.1(5) as follows:

**71.1(5) *Multiresidential real estate.*** ~~Multiresidential real estate shall include all lands and buildings parcels or portions of a parcel which are primarily used or intended for human habitation containing three or more separate dwelling units as well as structures and improvements used primarily as a part of, or in conjunction with, the dwelling units. For purposes of this rule, “used in conjunction with” means that the structure or improvement is located on the same parcel, on contiguous parcels, or on a parcel directly across a street or alley as the building or structure containing the dwelling units and when marketed for sale would be sold as a unit. Multiresidential real estate shall include that portion of a building that is used for human habitation and a proportionate share of the land upon which the building is situated, regardless of the number of dwelling units located in the building, if the use for human habitation is not the primary use of the building and such building is not otherwise classified as residential property.~~ Multiresidential real estate shall include mobile home parks, manufactured home communities, land-leased communities, and assisted living facilities. Multiresidential real estate shall exclude properties referred to in Iowa Code section 427A.1(8) or properties subject to valuation under Iowa Code section 441.21(2).

a. No change.

b. *Dual classification.* Assessors shall use dual classification on ~~properties~~ parcels where the primary use of the ~~property~~ parcel is commercial or industrial and a portion or portions of the ~~property~~ parcel meet the requirements of the multiresidential classification. ~~Properties~~ For the assessment year beginning January 1, 2015, a parcel where the primary use is multiresidential shall not receive a dual classification but instead shall be classified multiresidential for the entire parcel.

For assessment years beginning January 1, 2016, and after, assessors shall use dual classification on properties where the primary use of the parcel meets the requirements of the multiresidential classification and a portion or portions of the parcel meet the requirements of the commercial classification under subrule 71.1(6) or the industrial classification under subrule 71.1(7). If the primary use of a parcel is for human habitation and the parcel contains fewer than three separate dwelling units, it shall be classified as residential real estate under subrule 71.1(4).

There are only two permissible dual classifications: commercial/multiresidential and industrial/multiresidential. The assessor shall assign to that portion of the parcel that satisfies the requirements the classification of multiresidential property and to such other portions of the parcel the property classification for which such other portions qualify. The assessor shall maintain the valuation and assessment of property with a dual classification on one parcel record.

c. and d. No change.